



Testimony of the Vermont League of Cities and Towns
Ted Brady, Executive Director
Senate Committee on Economic Development, Housing and General Affairs
October 19, 2023

Thank you for the opportunity to share some of VLCT's thoughts, observations, and recommendations as we recover from this summer's floods and plan for a more climate resilient future together.

VLCT represents all 247 Vermont cities and towns, and we think about what is needed for successful communities big and small across VT every day. The tools, resources and capacity needed to respond to not only today's crisis or opportunity, but what the future will bring.

VLCT's Response to Flooding

As soon as the flooding started, VLCT pivoted to provide our members with valuable information and resources. This work was completed largely by our Federal Funding Assistance Program, funded mostly by a legislative appropriation that expires this spring.

We worked hand in glove with Vermont Emergency Management, the Regional Planning Commissions, and the Agency of Administration to compile and distribute information, including a FEMA Compliant Contracts Toolkit, a guide to applying for public assistance, FEMA public assistance FAQs, and much more.

We have what I think, is one of the most comprehensive flood recovery websites in the state found at vlct.org/flood-recovery. Since the flooding, the page has been viewed nearly 7,000 times.

We have hosted flood recovery workshops and trainings, participated in weekly calls and briefings with FEMA and VEM, and played a critical role in helping municipalities find the funding needed to make immediate repairs while waiting for FEMA reimbursement.

Our Federal Funding Assistance Program staff have had more than 250 email, phone and in-person conversations with municipal officials about flood recovery.

Changes to Statewide Land Use Laws to Facilitate Smart, Climate Resilient Growth

As we pivot from response and recovery to future mitigation strategies, we're acutely aware that climate change will have serious consequences for our cities, towns and villages. Where we have historically built our infrastructure, our homes, and our economies are increasingly in harm's way from extreme weather, most significantly flooding.

As you know, a number of studies and reports are looking at land-use, development regulations and

place-based incentive programs in VT. Making recommendations on how these designation programs, Act 250, conservation and development will work in Vermont going forward.

Cities, towns, and villages of all sizes have a very clear message on this work: we must allow for new, safe, climate resilient development to occur now. We must provide the flexibility and incentives to our communities now, so they can look forward, not to abandon our historic downtowns and villages often in the Flood Hazard Area, but to strengthen them and to provide areas of new growth, in safe, smart, forward looking climate resilient areas.

This will mean expanding the areas eligible for designation incentives, expanding the areas exempt from Act 250 for smart growth, and providing revenue sources to support the infrastructure needed to make it happen. The State of Vermont woefully underfunds municipal infrastructure projects already, and the need for climate resiliency projects will require new sources of funding, including expanding tax increment financing, implementing revenue sharing, expanding the availability of the local option tax, and, perhaps most importantly, building capacity in communities to do this work.

Funding Assistance to Municipalities Necessary

Our members know firsthand the risks of not taking action and adapting to our new climate reality. VLCT provides property insurance to our municipalities and of the \$3 billion in municipal properties we cover, nearly \$500 million lie in high hazard flood zones as identified by FEMA. About 15 percent of city, town and village property appears to be at high risk of future flooding.

Since July, we've received 97 loss claims from 37 municipalities related to the flooding. A majority of those claims – 57 – have come from high hazard flood zones. This is especially distressing because fully insuring such properties against flooding damage has become less and less feasible. As an example, when Irene hit, VLCT offered up to \$10 million per municipality for flood related damage in these high hazard flood zones. Today, we're only able to offer \$1 million per municipality – with a statewide aggregate cap of \$5 million. Why? International reinsurance markets have all but closed down for flood-prone properties. It's a realization that climate-change induced flooding events are becoming more common.

Communities around the country – and their insurers – are increasingly relying on FEMA to shoulder a portion of the risk – both through the National Flood Insurance Program and through Public Assistance after a disaster. And whether we're talking about wastewater treatment plans – like those in Hardwick and Johnson – or city and town halls – like we are here in Montpelier, every community is going to have to harden their municipal buildings, infrastructure and equipment from the potential impacts of future flooding. And they'll need more state and federal resources to do so.

In the short term, as communities recover and rebuild from this summer's floods, they need immediate relief. Even the most financially-prepared communities find themselves turning to debt to meet their

current obligations, and with some communities struggling from reduced revenues, especially due to much-needed tax abatements and dips in sales, meals and rooms taxes, they are looking to the Legislature and the Administration for some relief.

State Should Fund FEMA Public Assistance Local Match

I encourage the Legislature to act quickly to consider changing the rules in the Emergency Relief and Assistance Fund to provide state dollars to fulfil the local match our municipalities are otherwise required to come up with for FEMA's Public Assistance Program. In approved disasters, FEMA provides funding to repair publicly owned infrastructure. I'm not going to get into all the details, but FEMA provides either 75 percent or 90 percent reimbursement for eligible losses to damaged public infrastructure. The Emergency Relief and Assistance Fund (ERAF) helps communities cover a portion of the local match required.

Some important changes were made to the ERAF program after Irene to incentivize communities to take more pro-active flood and hazard mitigation actions. Basically, the more hazard mitigation measures/actions/programs a community took, the greater the state ERAF match.

This is great for communities with the capacity and resources to take those actions and maintain the standards required for greater ERAF match. But this leaves behind the communities without resources, furthering the inequity and divide of those that have and can protect themselves from the impacts of climate change, and those that have not and can't protect themselves from the impacts of climate change. Just how many could be left behind? According to ANR's Flood Hazard Summary Report, 43 percent of our municipalities have not made the necessary mitigation steps necessary to increase the base ERAF match.

Given the severity of the July flooding, and the recognized capacity constraints in so many smaller communities impacted by the flooding, the Vermont League of Cities and Towns asks that the Legislature consider covering the entire FEMA PA local match for municipalities related to this event regardless of the community ERAF rating. If we want to adapt and provide a climate resilient future for all of Vermont, what a better way to start then by building back better in all communities that suffered damages.

State Should Fund Municipal and Education Tax Abatement

I also encourage the Legislature to find a way to provide relief to communities who have had to abate taxes of properties severely damaged by the flooding. Post Irene, the Legislature quickly passed a bill to fund the shortfall in education taxes due to property tax abatements. Our communities need this relief again. Cities and towns are cutting budgets – and need your support to prevent these cuts from being drastic.

Advanced Payments

Finally, I want to thank the Treasurer and the Governor for working to accelerate PILOT payments and a few other payments to towns impacted by flooding back in August. I hope the administration and the legislature can work together to consider advancing the 2024 payments to those towns in the most need next year.

If we can't provide this relief now, when we have continued strong state revenues coming in, for a climate resilient future, I don't know when we can.

Thank you for your time, I'm happy to try and answer any questions you many have.